

GLASS REPLIES  
TO CRITICISMS  
OF NEW BANK LAW

Patron of Measure in Congress Analyzes Provision of Reserve Act.

DOES NOT PROVIDE FOR ARBITRARY POWER

Answers President Reynolds's Criticism as to Deposit of Government Funds.

OPPOSES COTTON-BUYING PLAN

Hamlin Warns Against Use of Remedies, Which May Prove Worse Than Disease.

Defending the Federal reserve act against the charges made against it by its critics, Congressman Carter Glass, addressing the American Bankers' Association yesterday afternoon at the Jefferson Hotel, replied sharply to the criticism of the law made by President Arthur Reynolds in his annual address to the convention at the morning session.

Mr. Reynolds had criticized the provision of the act, which he said, left it to the discretion of the Secretary of the Treasury to deposit government funds in the reserve banks and designate them as government fiscal agents, or not, just as he chose.

"It is a just criticism of the measure," President Reynolds said, "that it does not take the government out of the banking business, and that it confers upon one of our government officials an extraordinary power and discretion unwarranted by the spirit of our institution and repugnant to republican principles."

TELLS OF MOTIVES WHICH GUIDE FRAMERS OF RESERVE ACT

Mr. Glass, who followed Governor Charles S. Hamlin, of the Federal Reserve Board, on the afternoon program, spoke dispassionately for an hour, setting forth a "realistic" analysis of the motives and aims which guided the framers of the reserve act in the drafting of that measure. He took up one by one the criticisms that had been made against the act, to show that they were founded on misunderstanding and without ground.

NO POWER NOT HERETOFORE IN HANDS OF ONE MAN

"I state to this body flatly, and invite contradiction and discussion, that the Federal reserve act confers upon the reserve board no power which is not under the present system exercised in greater measure by a single government official. The control of the reserve board over the member banks of the system is not greater than the control the Comptroller of the Currency has exercised over the national banks for more than fifty years."

Mr. Glass spoke heatedly, glaring at the assembled bankers with an unyielding gaze, and his only reply accorded him was a mild outburst of applause. The speaker returned immediately to a more amiable vein, and in his concluding defense of the reserve act, he won the applause of the audience.

NO COMPLAINT MADE WHEN MONEY WAS LOANED IN NEW YORK

"When the Secretary of the Treasury of the United States, exercising the same power in 1907, deposited \$43,000,000 in government gold with New York banks to save a critical situation, not a chirp was heard about a proceeding repugnant to republican principles."

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NO FOUNDATION FOR FIAT MONEY CHARGE

The fiat money charge, he said, was idle. Under the provisions of the reserve act, he pointed out, note issues are required to be secured by a 100 per cent gold reserve and a 100 per cent secondary reserve. Behind this, he said, is the obligation of the individual member banks, the responsibility of the Federal Reserve Board, the reserve bank as well as the supervision of the Federal Reserve Board itself. In addition to these guarantees, he said, there was the personal guarantee of 90,000,000 free American citizens—a surety sounder than government bonds itself. No lexicographer in the world, he said, would support such a definition of fiat money.

Mr. Glass held the reserve act's provisions with regard to exchanges to be free from criticism. This part of the act, he said, was of his own making, and he was proud of it. No bank, he said, has the right to erect toll-gates on the highways of progress. The sentiment was loudly applauded.

SUFFICIENT SAFEGUARDS IN WAY OF RESERVES

Sufficient safeguard in the way of reserve requirements, thought Mr. Glass, "provided by the reserve act to dissipate any fear that the system will encourage dangerous inflation. It was the purpose of the act, he said, to make possible an elastic expansion, and this it did. If it didn't do that it had no particular reason for being, since, he said, it was designed primarily to provide a more elastic currency and to effect a decentralization of the nation's funds."

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Next President of Bankers



WILLIAM A. LAW, First Vice-President, First National Bank, Philadelphia.

CORDIAL WELCOME  
EXTENDED BANKERS

Governor, Mayor and President of Clearing-House Make Brief Speeches.

LAW TO BE MADE PRESIDENT

Philadelphia Banker Is Chosen by Nominating Committee to Succeed Reynolds.

With more than 2,000 of the nation's leading financiers assembled in the Jefferson Hotel auditorium, the first general session of the fortieth annual convention of the American Bankers' Association was held yesterday. Emblems of fifty States were raised in the convention hall, marking the location of the various delegations, while gracefully draped from the walls of the hall on every side were giant flags of the nation. To the rear of the speaker's platform was stretched a monstrous blue banner bearing the emblem of the Commonwealth.

MAYOR AND GOVERNOR

WELCOME BANKERS  
Governor Henry C. Stuart, Mayor George Ainslie and Colonel John B. Purcell, president of the Richmond Clearing-House Association, made cordial speeches of welcome to the visitors and Arthur Reynolds, of Des Moines, president of the American Bankers' Association, responded in behalf of the delegates.

The morning session was scheduled to begin promptly at 9:30 o'clock, but it was not until an hour later that the meeting was called to order. Right Rev. Collins Denny, Bishop of the Methodist Episcopal Church, South, of Richmond, offered prayer.

Features of the morning session were the addresses of President Arthur Reynolds and Governor Stuart. Reports were submitted by various officers of the association and by the several sections. Important among the several constitutional amendments adopted in the convention yesterday is the provision authorizing the executive council to designate the city in which subsequent conventions are to be held.

Following the adjournment of the afternoon session to-day, the executive committee at its meeting will name the place for holding the next gathering. Seattle, it is thought, will be selected for the place of meeting in 1915. With a single exception, all of the proposed constitutional amendments were adopted.

WILLIAM A. LAW NOMINATED FOR PRESIDENT OF ASSOCIATION

The nominating committee of the association last night recommended to the convention the election to-day of William A. Law, first vice-president of First National Bank, Philadelphia.

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OSTEND DOOMED TO FALL BEFORE GERMANS;  
ONLY SMALL FORCE LEFT TO FACE INVADERS

RACE FOR BELGIAN  
REMNANTS WILL BE  
NEXT MOVE IN WAR

Germans Hope to Cut Them Off From Junction With Allies.

THEIR CAPTURE WOULD INFLICT HEAVY BLOW

If King Albert's Force Reach French, Line Will Be Greatly Strengthened.

BATTLE STILL IN PROGRESS

Desperate Attempt Under Way to Halt German Reinforcements Against Ostend.

(Special Cable to The Times-Dispatch.)

LONDON, October 14.—The occupation of Ostend has not been officially reported here yet, but there is no doubt in London official circles that it will be accomplished within a very short time. The news of the occupation of Ypres by the troops of the allies is believed to have an important bearing on the situation, with regard to Ostend.

With practically all of Belgium in German hands, and with at least 50,000 fresh German troops reported en route to Bruges and Ostend from Ghent, it is generally accepted here that the next move in the Belgian theatre of war will be a race between the allies and the Germans for the remnants of the Belgian army, which is now believed to have arranged to evacuate Ostend at the most favorable moment, for a dash to join the extreme left wing of the allies.

JUNCTION WITH BELGIANS MEANS BIG ADVANTAGE

Ghent is about thirty miles from Ostend, while Ypres is only about twenty miles away. The former city is east and a little south of the Belgian seaport, while Ypres is almost directly south. If the junction can be made between the Belgians and the extreme left of the allies, which apparently has pushed even north of Ypres, not only will the continuity of the line opposed to the German advance into France be maintained, but greater force will be given to the attempt to crumple up the right flank of the armies of Generals von Kluck and von Boehm, without leaving the coast from Ostend to Calais at the mercy of the invaders.

If, on the other hand, the fresh German troops succeed in cutting off the Belgian forces, which include two of the marine brigades sent from England to assist in the defense of Antwerp, the third having been driven into Holland and interned, they will have gained a tremendous advantage in their intention to occupy the entire coast from the Scheldt to Dunkirk, and possibly even to Calais.

PIERCED ENGAGEMENT STILL IN PROGRESS

There is no news from the fierce engagement reported in the triangle between Ypres, Dixmude and Dunkirk, except that it is still in progress. This is believed to be a battle brought by the allies to the advance of one section of the German reinforcements destined for the movement against Ostend.

Assuming that the remaining Belgian and English forces in Ostend are waiting for the most expeditious moment to start their dash for the extreme left wing of the allied forces, the Germans who have set out from Ghent must form a junction with their troops already engaged in this battle in order to head off the southward march of the Belgians.

If King Albert's army succeeds in getting into the allies' left, it may turn the tide in the triangle in favor of the allies, and, if the Germans are up to that portion of the German forces which set out to raid Dunkirk. On the other hand, if the Germans from Ghent can effect a junction with the German troops in the triangle, they will have the Belgian forces in a trap and may succeed in clearing all of Southwest Belgium.

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The Kaiser Consulting with General Hindenburg.

Prince Oskar with the Kaiser.

WARNING IS GIVEN  
TO GOVERNOR HUNT

Told Not to Embarrass Wilson by Sending Troops to Border.

REPLY BRINGS GREAT RELIEF

Arizona Chief Desires Only to Co-Operate in Avoiding Mexican Trouble.

WASHINGTON, October 14.—Warning sent Governor Hunt, by the United States government, to abstain from complicating the situation by sending State troops to the Arizona-Mexico border, was followed to-day by a telegram from the Arizona executive stating that no movement of the militia had been authorized.

The Governor's expressed desire to co-operate in avoiding trouble over the firing by the Mexicans across the border was received with relief by the President and Secretary Garrison. Prior to the receipt of the message, it was indicated at the War Department that if Governor Hunt sent State troops to the frontier, the President, under his constitutional privilege, would call them into the service of the Federal government and place them under command of Federal officers.

WASHINGTON RELIEVED

Governor Hunt's message, which included a day of telegraphic intermission, was received with relief by the President and Secretary Garrison.

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German Soldiers in Field Trenches.

The Germans have perfected the building and arrangements of their trenches to such a degree that, were they compelled to remain in them, they could do so for months at a time with comfort. The trenches are built three feet deep on a scientific system in parallel lines, and flanked by others, in which machine guns are concealed. At intervals in the intrenchments there are splinter-proof shelters.

BANKERS PAY \$4,300,000  
OF PROPOSED WAR TAXES

Revised Estimates Made by Treasury Indicate Measure Will Bring In \$107,400,000 Revenue.

MEDICINE TAX ELIMINATED

Slow Progress Made by Senate, and Prospects for Adjournment of Congress Next Week Receive Another Setback.

WASHINGTON, October 14.—Slight progress was made by the Senate to-day in considering the war revenue bill. The measure was under review as to several features by the Democrats of the Finance Committee. Prospects for the adjournment of Congress early next week were subjected to another check by the delay.

While the committee worked on the bill, the Senate was enmeshed with political debate by Senator Penrose, of Pennsylvania, and Senator Lewis, of Illinois. The former assailed Democratic extravagances and denounced war tax legislation as a calamity, and the latter defended the achievements of the administration.

Senator Penrose asked the Illinois Senator if he could give any assurance that a bill would be presented to provide for only one term for executive officials, in accordance with the Democratic platform.

"I understand the Senator from Pennsylvania has aspirations for the presidency," said Senator Lewis, "and that he wishes to be assured now that his opponent would not be Woodrow Wilson."

DEMOCRATS ELIMINATE PROPOSED MEDICINE TAX

In their deliberations which extended into the night, making a night session of the Senate impossible, Democrats of the Finance Committee averted considerable forthright opposition by agreeing to eliminate the proposed tax on proprietary medicines, which would have yielded approximately \$2,000,000 annual revenue. House leaders had given assurances that this tax never would be accepted, and the Senate had been flooded with protests against taxes on "the poor man's medicine."

The committee also accepted an amendment doing away with bills of lading in the express and freight shipment of newspapers, and to exempt from taxation newspapers shipped within the country of publication. Agreement also was reached on the

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EVEN NOW TROOPS  
OF KAISER MAY BE  
OCCUPYING CITY

Not So Certain That They Can Extend Right Wing to French Ports.

ALREADY FORCED BACK BY ALLIES' OFFENSIVE

Attempt to Work Around Left Wing Toward Coast Has Failed.

CLOSE VEIL OF SECRECY

No News From Scene of Heavy Fighting, Where Both Hope for Decisive Blows.

Ostend Now Occupies Centre of War Stage

Ostend is now the centre of interest in the contest being waged in the western theatre of war. Reports indicate there is now virtually no obstacle in the way of the German advance on Ostend and other ports in Northwest Belgium.

Scores of wounded soldiers are being brought into Ostend from Ghent. It is reported that the allies and the Germans engaged in a serious battle near Ghent on Monday. It is said that the German forces were far superior in numbers, and that the allies were obliged to withdraw toward the west. This removed the stumbling block in the way of German progress towards Ostend.

A state of panic exists among the inhabitants of Ostend, for the Germans are known to have a large force within twenty miles of the city. As fast as ships can be provided, the residents are fleeing to England, escape by land having been cut off on all sides.

The extreme right wing of the main German army has been forced to fall back before an assault by the allies. Reports indicate that the invaders will encounter strong opposition in attempting to extend their right wing to the Northern French ports. Only recently the German cavalry had progressed as far west as Hazebrouck, but now, according to the French War Office, the front of the battle extends from La Bassée through Estaires to Halluin on the Belgian frontier. Across the border Ypres has been occupied by the allied forces. This indicates a decided gain for the allies.

Outside of this, there is no important modification in the situation in the western theatre, so far as is indicated by reports, couched in general terms, received by the Press. In the eastern theatre, the Russians, on October 13, successfully pressed back the German forces on the left bank of the Vistula along the road leading from Warsaw to Lvov, according to an official communication issued by the Russian general staff. Fighting continues to the south of Przemyśl, Galicia, as the statement. There are no important changes on the other fronts.

An official announcement, given out in Vienna, says that the Austrian troops are continuing towards Przemyśl. The statement says that the Russian troops in such a way that the enemy is now able to maintain his position only before the Austrians. The statement also said that during this fighting several military bridges over the San broke down during the Russian retreat, and many of the Russians were drowned.

LONDON, October 14.—While it is fully expected the German army will reach Ostend and other ports in the northwest of Belgium, if they have not done so already, they will meet a stubborn resistance in their attempt to extend the right wing of their main army through Pas de Calais to the French northern ports. In fact, they have fallen back in this region in the face of a few days' offensive.

A few days' offensive by the French fighting as far west as Hazebrouck and Cassel, but to-day, according to the French official communication issued late to-day, the front of this battle extends from La Bassée through Estaires to Halluin on the Belgian frontier, while across the border the allies have occupied Ypres. This is a distinct gain for the allies, and shows that the German attempt to work around the left has failed, the German right being bent back toward Lille and Courtrai, both of which places the invaders hold with strong forces.

HOPE HEAVILY BRING DECISIVE RESULT

It is here the heavy blows, which both sides hope will bring a decisive result in the long-drawn-out battle, will be struck. It is for this reason that the German army will be able to make their way to Ostend. All the time there some troops have been left to inflict what damage they can before joining the larger body further south. The censorship has prohibited any mention of the operations to the north of Arras, which probably is responsible for the belief that the allies have prepared what one military critic declares is "a smashing blow, which will be the more crushing in its effect the longer it is delayed."

Of the recent fighting elsewhere, the French communication simply says that the operations are proceeding normally on the left wing of the front. It says that the allies' progress in the Berry Au Bac region is confirmed, and that on the right wing there is nothing new.

For the first time, the French general staff takes notice of and denies some claims put forth by the Germans. It is denied that two French cavalry divisions have been destroyed, and

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